

system supporting the building, the nature or selection of which for a new building influences significantly the cost of water consumed.

*Component price* means any variable sub-element of the total charge for a fuel or energy or water, including but not limited to such charges as “demand charges,” “off-peak charges” and “seasonal charges.”

*Demand charge* means that portion of the charge for electric service based upon the plant and equipment costs associated with supplying the electricity consumed.

*DOE* means Department of Energy.

*Energy conservation measures* means measures that are applied to an existing Federal building that improve energy efficiency and are life cycle cost effective and that involve energy conservation, cogeneration facilities, renewable energy sources, improvements in operation and maintenance efficiencies, or retrofit activities.

*Federal agency* means “agency” as defined by 5 U.S.C. 551(1).

*Federal building* means an energy or water conservation measure or any building, structure, or facility, or part thereof, including the associated energy and water consuming support systems, which is constructed, renovated, leased, or purchased in whole or in part for use by the Federal government. This term also means a collection of such buildings, structures, or facilities and the energy and water consuming support systems for such collection.

*Investment costs* means the initial costs of design, engineering, purchase, construction, and installation exclusive of sunk costs.

*Life cycle cost* means the total cost of owning, operating and maintaining a building over its useful life (including its fuel and water, energy, labor, and replacement components), determined on the basis of a systematic evaluation and comparison of alternative building systems, except that in the case of leased buildings, the life cycle cost shall be calculated over the effective remaining term of the lease.

*Non-fuel operation and maintenance costs* means material and labor cost for routine upkeep, repair and operation exclusive of energy cost.

*Non-recurring costs* means costs that are not uniformly incurred annually over the study period.

*Non-water operation and maintenance costs* mean material and labor cost for routine upkeep, repair and operation exclusive of water cost.

*Recurring costs* means future costs that are incurred uniformly and annually over the study period.

*Replacement costs* mean future cost to replace a building energy system or building water system, an energy or water conservation measure, or any component thereof.

*Retrofit* means installation of a building energy system or building water system alternative in an existing Federal building.

*Salvage value* means the value of any building energy system or building water system removed or replaced during the study period, or recovered through resale or remaining at the end of the study period.

*Study period* means the time period covered by a life cycle cost analysis.

*Sunk costs* means costs incurred prior to the time at which the life cycle cost analysis occurs.

*Time-of-day rate* means the charge for service during periods of the day based on the cost of supplying services during various times of the day.

*Water conservation measures* mean measures that are applied to an existing Federal building that improve the efficiency of water use, reduce the amount of water for sewage disposal and are life cycle cost effective and that involve water conservation, improvements in operation and maintenance efficiencies, or retrofit activities.

[55 FR 48220, Nov. 20, 1990, as amended at 61 FR 32649, June 25, 1996]

#### §436.12 Life cycle cost methodology.

The life cycle cost methodology for this part is a systematic analysis of relevant costs, excluding sunk costs, over a study period, relating initial costs to future costs by the technique of discounting future costs to present values.